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25 June 1957

Summary of Chinese Foreign Trade, 1954-55

1. Attached is requested statistical summary and textual statement on commodity composition of Chinese Communist Foreign Trade.

2. In connection with the possible unclassified release of this attachment, it should be noted that:

a. Paragraph I has been derived from unclassified Chinese announcements.

b. Paragraph II has been derived from sensitive materials of a higher classification. Commodity composition data for Sino-Hloc trade is not available at lower classifications.

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Summary of Communist China's Foreign Trade 1954-56

I. China's Foreign Trade, 1954-1956

	Millions of Yuan		
	<u>1954</u>	<u>1955</u>	<u>1956</u>
Total Trade	8,487	10,865	10,530
Free World	1,651	1,956	2,601
Bloc	6,836	8,909	7,929
USSR	5,177	6,722	5,655
European Satellites	1,409	1,804	1,811
Asian Satellites	250	383	463

China's Foreign Trade, 1954-1956

	Millions of US Dollar Equivalents*		
Total Trade	3,450	4,425	4,275
Free World	675	800	1,050
Bloc	2,775	3,600	3,225
USSR	2,100	2,725	2,300
European Satellites	575	725	725
Asian Satellites	100	150	200

* The yuan estimates of China's foreign trade are largely based on Chinese Communist announcements. These estimates, though dependent in a few cases upon obscure data are considered relatively firm. However, because the yuan estimates are quite possibly in terms of Chinese domestic prices, the meaningful conversion to US dollars is extremely difficult. US dollar equivalents as shown above are simply conversions based on the yuan-sterling crossrates and do not necessarily reflect the actual exchange volumes.

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II. Commodity Distribution of China's Foreign Trade, 1954-1956

Available intelligence does not permit an accurate estimate of overall Chinese imports and exports by well-defined categories; overland trade with the Soviet Bloc, which has accounted for the bulk of the value of total trade, is particularly difficult to quantify. The commodity distribution is not yet available for 1956 but is probably similar to 1955.

The composition of imports appears to have altered significantly under the Communists, who have restricted imports to consumer goods in favor of capital goods and industrial raw materials. Foodstuffs and consumer goods important pre-Communist imports now account for only about 10 percent of total imports. The Chinese reported that 90 percent of their total imports in 1955 consisted of investment goods (probably including military equipment). Imports of machinery and equipment for basic construction projects possibly account for one-quarter of total imports. Another 20 percent consists of certain essential raw materials and supplies, such as rubber, petroleum products, cotton, drugs, and chemicals. The remaining 45 percent would include vehicles, metals, machinery, and military end-items.

On the export side agricultural products probably accounted for three-quarters of the total value in 1955. Cereals such as tungsten, antimony, and tin probably accounted for less than 10 percent. Although there has been increasing propaganda about Chinese exports of light industrial manufactures -- such as sewing machines, bicycles, fountain pens, handicrafts, and textiles -- exports of such products probably amounted to less than 5 percent of total 1955 exports. Aid shipments (to North Korea and North Vietnam) and small amounts of heavy industrial products account for the remaining 10 percent.